

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED FINANCIAL REPORT
JUNE 30, 2012

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

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ANDERSON, LARKIN & CO. P.C.
Certified Public Accountants
"Achieving your goals with our knowledge."

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Eyerly-Ball
Community Mental Health Services,
The Westminster Group and
Golden Circle Behavioral Health, L.C.
Des Moines, Iowa

We have audited the accompanying combined statement of financial position of Eyerly-Ball Community Mental Health Services and The Westminster Group, and Eyerly-Ball Community Mental Health Services' subsidiary, Golden Circle Behavioral Health, L.C. as of June 30, 2012, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Eyerly-Ball Community Mental Health Services, The Westminster Group, and Eyerly-Ball Community Mental Health Services' subsidiary, Golden Circle Behavioral Health, L.C. as of June 30, 2012, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying information on pages 17 to 25 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

ANDERSON, LARKIN & CO. P.C.

Anderson, Larkin & Co. P.C.

Ottumwa, Iowa
December 5, 2012

FINANCIAL STATEMENTS

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

ASSETS

CURRENT ASSETS:

Cash	\$ 542,109
Accounts receivables	
Government	961,994
Clients and third party providers	444,348
Other	26,098
Prepaid expenses	35,894
Total current assets	<u>2,010,443</u>

NON-CURRENT ASSETS:

Funded reserves:	
Reserve for replacements	60,244
Residual receipts	17,908
Tenant security deposits held in trust	2,930
Rent deposit	10,720
Property and equipment (net of accumulated depreciation)	1,771,466
Intangible asset (net of amortization)	24,595
Investment in Greater Des Moines Community Foundation	16,790
Total non-current assets	<u>1,904,653</u>

TOTAL ASSETS \$ 3,915,096

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable:	
Trade	\$ 580,103
Goodwill Industries of Central Iowa	80,419
Cost settlement	78,997
Other	53,127
Deferred revenue	555,035
Accrued incentives	1,590
Accrued payroll	114,309
Accrued vacation	227,512
Accrued payroll taxes	9,087
Accrued interest payable	5,968
Lead Agency Reserve Account	102,865
Current portion of loans and mortgages payable	169,477
Total current liabilities	<u>1,978,489</u>

Tenant security deposits held in trust	<u>9,688</u>
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LONG-TERM LIABILITIES:

Loans and mortgages payable - Less current portion	1,385,290
Minority interest in subsidiary's equity	158,318
Total long-term liabilities	<u>1,543,608</u>

TOTAL LIABILITIES 3,531,785

NET ASSETS:

Unrestricted	359,295
Temporarily restricted	24,016

TOTAL NET ASSETS 383,311

TOTAL LIABILITIES AND NET ASSETS \$ 3,915,096

See Accompanying Notes to Combined Financial Statements

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT:</u>			
Public support:			
Received directly:			
Contributions	\$ 31,905	\$ -	\$ 31,905
Fees and grants from governmental agencies	7,665,504	-	7,665,504
Revenue:			
Private patient and client participation	1,673,627	-	1,673,627
Rental income	195,677	-	195,677
Support service fee	154,364	-	154,364
Investment income	11,391	-	11,391
Management fees	1,432	-	1,432
Miscellaneous	29,187	-	29,187
Net assets released from restriction	1,363	(1,363)	-
	<u>2,067,041</u>	<u>(1,363)</u>	<u>2,065,678</u>
TOTAL PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT	<u>9,764,450</u>	<u>(1,363)</u>	<u>9,763,087</u>
<u>EXPENSES AND OTHER REDUCTIONS:</u>			
Program services	8,425,258	-	8,425,258
Supporting services	1,232,230	-	1,232,230
Total expenses	9,657,488	-	9,657,488
Minority interest in subsidiary's earnings	15,717	-	15,717
Loss on disposal of equipment	7,681	-	7,681
TOTAL EXPENSES AND OTHER REDUCTIONS	<u>9,680,886</u>	<u>-</u>	<u>9,680,886</u>
CHANGE IN NET ASSETS	83,564	(1,363)	82,201
<u>NET ASSETS</u> - Beginning of year, as restated	<u>275,731</u>	<u>25,379</u>	<u>301,110</u>
<u>NET ASSETS</u> - End of year	\$ <u>359,295</u>	\$ <u>24,016</u>	\$ <u>383,311</u>

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Program Services			
	Community Support Programs	Elderly Outreach Programs	Clinical and Psychiatric Services	Residential Care Facilities
Salaries	\$ 644,153	\$ 168,660	\$ 1,304,449	\$ 828,610
Employee benefits	60,170	14,681	86,534	72,076
Payroll taxes	52,735	13,396	107,254	86,749
Total salaries and related expenses	757,058	196,737	1,498,237	987,435
Contract services	192	332	4,783	20,616
Utilities	2,192	11	44,659	34,867
Rent	12,497	7,284	10,814	17,389
Occupancy - Maintenance	-	-	-	-
Professional fees	1,275	1,885	195,101	31,012
Food	-	-	-	46,849
Office supplies	6,725	716	6,337	10,055
Equipment repairs and maintenance	17,452	1,416	75,193	31,890
Recreation and crafts	-	-	-	16,986
Household supplies	-	-	-	18,647
Telephone	11,822	3,208	8,532	19,898
Postage	-	-	119	1,401
Taxes and insurance	2,584	315	7,193	26,435
Transportation	42,694	9,484	15,334	14,753
Conferences and training	2,975	120	746	7,948
Advertising	681	39	7,395	10,632
Printing	1,160	437	1,740	4,675
Licenses	-	-	15,495	901
Miscellaneous	10,390	3,195	-	433
Subscription and dues	110	-	66	3,275
Payroll service	-	-	-	1,684
Medical supplies	62	-	13,656	1,145
Computer and technical support	9,111	90	25,373	23,642
Assistance to individuals	16,430	17	2,704	4,236
Bad debts expense	23,949	-	209,309	19,792
Total expenses before depreciation, amortization and interest	919,359	225,286	2,142,786	1,356,596
Depreciation and amortization	-	703	47,439	47,816
Interest expense	-	-	28,455	72,049
TOTAL FUNCTIONAL EXPENSES	\$ 919,359	\$ 225,989	\$ 2,218,680	\$ 1,476,461

See Accompanying Notes to Combined Financial Statements

<u>Case Management</u>	<u>Integrated Service Project</u>	<u>Assertive Community Treatment</u>	<u>Mobile Crisis Response Program</u>	<u>Total</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
\$ 636,776	\$ 422,670	\$ 532,739	\$ 443,455	\$ 4,981,512	\$ 675,401	\$ 5,656,913
59,224	62,369	45,066	32,447	432,567	64,468	497,035
51,928	34,005	44,510	35,517	426,094	68,963	495,057
747,928	519,044	622,315	511,419	5,840,173	808,832	6,649,005
365,796	38,162	61,851	-	491,732	20,306	512,038
-	-	-	-	81,729	-	81,729
-	-	-	-	47,984	2,418	50,402
-	1,002	-	-	1,002	11,630	12,632
-	10,066	7,511	6,600	253,450	53,582	307,032
-	-	-	-	46,849	-	46,849
1,139	15,082	7,853	1,790	49,697	29,790	79,487
1,031	2,205	8,947	-	138,134	11,844	149,978
-	-	-	-	16,986	-	16,986
-	-	-	-	18,647	-	18,647
3,157	10,874	16,532	4,161	78,184	53,876	132,060
3,003	1,864	2,169	-	8,556	6,500	15,056
93	11,655	777	2,287	51,339	81,173	132,512
26,677	37,403	57,278	16,000	219,623	5,681	225,304
2,211	4,182	1,812	-	19,994	6,457	26,451
-	175	-	-	18,922	26,578	45,500
207	298	397	128	9,042	11,064	20,106
-	-	-	-	16,396	-	16,396
577	1,190	809	5,821	22,415	8,378	30,793
-	-	-	-	3,451	2,713	6,164
-	-	-	-	1,684	3,444	5,128
-	29,314	1,201	13	45,391	669	46,060
-	-	-	19	58,235	80,950	139,185
29,490	309,441	40,302	66	402,686	-	402,686
2,980	-	7,070	5,504	268,604	-	268,604
1,184,289	991,957	836,824	553,808	8,210,905	1,225,885	9,436,790
56	10,648	6,081	1,106	113,849	5,359	119,208
-	-	-	-	100,504	986	101,490
\$ 1,184,345	\$ 1,002,605	\$ 842,905	\$ 554,914	\$ 8,425,258	\$ 1,232,230	\$ 9,657,488

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 82,201
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	117,226
Loss on disposal of assets	7,681
Deferred bond financing charges amortization	1,982
Bad debts expense	268,604
Minority interest in subsidiaries earnings	14,762
Change in assets and liabilities:	
Increase in accounts receivable	(456,782)
Increase in prepaid expenses	(14,195)
Increase in deposits	(700)
Increase in accounts payable	104,078
Decrease in accrued interest payable	(587)
Increase in deferred revenue	34,362
Increase in deposits and cash advances	757
Decrease in accrued incentives	(18,185)
Decrease in accrued payroll	(128,161)
Increase in accrued vacation	17,020
Decrease in accrued payroll taxes	(11,899)
Decrease in Lead Agency Reserve Account	(5,473)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>12,691</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Deposits to funded reserves and interest retained in account	(19,981)
Withdrawals from funded reserves	30,138
Purchase of property and equipment	(130,708)
Investment in Greater Des Moines Community Foundation	(708)
NET CASH USED IN INVESTING ACTIVITIES	<u>(121,259)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from line of credit	595,000
Payments on line of credit	(495,000)
Mortgage principal payments	(65,449)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>34,551</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (74,017)

CASH AND CASH EQUIVALENTS - Beginning of year 616,126

CASH AND CASH EQUIVALENTS - End of year \$ 542,109

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash payments for interest \$ 102,077

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The combined financial statements include the accounts of Eyerly-Ball Community Mental Health Services; W.H. II, LTD., and W.H. III, Inc. (The Westminster Group). These three entities established an alliance with a common board of directors and a common management team. Eyerly-Ball Community Mental Health Services provides program services primarily to clients on behalf of Polk County, and is a two-thirds owner of Golden Circle Behavioral Health, L.C. Therefore, as a majority-owned subsidiary, the accounts of Golden Circle Behavioral Health, L.C. have also been included in the combination. All material inter-organization transactions have been eliminated in this combination.

Eyerly-Ball Community Mental Health Services

Eyerly-Ball Community Mental Health Services was organized in February 1969 as a private, nonprofit organization representing the disciplines of psychiatry, clinical psychology, social work, and related mental health professions. The purpose of the Organization is to provide and coordinate services for the elderly, mentally ill, or otherwise disadvantaged individuals, through psychotherapeutic treatment, community consultation, and education programs.

The Westminster Group

W.H. II, LTD. and W.H. III, Inc.

W.H. II, LTD. and W.H. III, Inc. are corporations formed in Des Moines, Iowa, in August 1983 under the Iowa Nonprofit Corporation Act. The purpose of these corporations is to operate apartment complexes of 15 units each, under Section 202 of the National Housing Act. Such projects are regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rent charges and operating methods. Their expenses are included in the Residential Care Facilities program.

Golden Circle Behavioral Health, L.C.

Golden Circle Behavioral Health, L.C. (a limited liability company) was formed in 1995 as a joint effort of Iowa Health Systems, Westminster House, Inc., Eyerly-Ball Community Mental Health Services, Des Moines Child and Adolescent Guidance Center, Orchard Place, and Goodwill Industries of Central Iowa under the laws of the State of Iowa. Golden Circle Behavioral Health, L.C. serves individuals in central Iowa with serious and persistent mental illness, and individuals with mental retardation/developmental disabilities.

During October 2001, Iowa Health Systems, Des Moines Child and Adolescent Guidance Center, and Orchard Place withdrew as members of the Organization. Accordingly, Golden Circle Behavioral Health, L.C. is now a majority-owned subsidiary controlled by Eyerly-Ball Community Mental Health Services.

Programs

The Organization's major programs are as follows:

Community Support Programs - where a mutually agreed upon individual service plan is developed and implemented to increase the client's level of functioning and promote the enhancement of independent living skills.

Elderly Outreach Programs - where licensed professionals provide therapy to individuals age 60 or older in their homes, as well as providing case management assistance to enable the individuals to live independently rather than in a more restricted or higher level of care setting.

Clinical and Psychiatric Services - provides psychotherapy to individuals, groups, and families to alleviate symptoms, change or modify behavior, and increase their level of functioning as well as providing medical services by a licensed physician with a specialty in psychiatry, such as medication evaluation

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Clinical and Psychiatric Services (Continued)

and management, and psychiatric evaluations. Also included are services of an ARNP (nurse practitioner) who serves as a liaison to a variety of individuals and programs and coordinates treatment with clinical staff, outside service providers, and families.

Residential Care Facilities - provides supervision and services to mentally challenged individuals in a group home type setting located in the HUD complexes.

Case Management - provides service coordination with the goal of enhancing the client's functioning in vocational, psychological, and social areas.

Integrated Service Project - assists consumers in gaining access to appropriate living environments, psychiatric services, and interrelated social, vocational, and education services.

Assertive Community Treatment - provides comprehensive psychiatric outpatient services delivered in the community, and directed toward the rehabilitation of behavioral/social/emotional deficits and the improvement of symptoms of a mental disorder. These services are directed to patients with severe and persistent mental disorders, which require multiple mental health and support services to maintain the consumer in the community.

Mobile Crisis Response Program - consists of a mobile mental health team that is dispatched at the request of law enforcement to do on-site assessments of individuals when the offense is superseded by mental health issues.

Summary of Organization's Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under FASB, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2012, the Organization had no permanently restricted net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization grants credit to customers, most of whom are located in the Central Iowa area, and to various governmental entities. Accounts receivable are stated at the amount management expects to collect

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Accounts Receivable (Continued)

from the outstanding balances. Accounts receivable are considered past due after 30 days and are charged off when management determines the account is uncollectible. The risk of loss on the accounts receivable is the balance owed at time of default.

The organization charges bad debts to operations in the year in which the account is determined uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$45,500 for the year ended June 30, 2012.

Property and Equipment

Property and equipment is stated at cost. The Organization follows the policy of capitalizing all expenditures for property and equipment in excess of \$5,000. Depreciation is computed on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Land improvements	15
Buildings	7–39
Building improvements	15–31.5
Leasehold improvements	10
Vehicles	5
Furniture, fixtures and office equipment	3–7

Income Tax Status

W.H. II, LTD., W.H. III, Inc., and Eyerly-Ball Community Mental Health Services are all exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of Iowa tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable or educational purposes. The Organizations have also been classified as entities that are not private foundations.

The results of the operations of Golden Circle Behavioral Health, L.C., a partnership, are included on the income tax returns of each member. Accordingly, no provision for income taxes is included in these combined financial statements.

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board. In accordance with FASB, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long the long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Revenues

Deferred revenues represent program revenues received in advance of when the services are provided, contract incentives deferred until expended for authorized purposes, or advances for program startup costs. Revenues are recognized in the period in which the services are provided or expenses incurred. In some cases, unspent amounts are subject to repayment to the funding source.

Donated Services

No amounts have been reflected in the statements for donated services because no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated time to the Organization.

Functional Expense Allocation

Salary and related expenses were allocated on the basis of time spent for program and supporting services. Depreciation expense was allocated directly to programs when possible with the remaining balance assigned to management and general. The allocation of expenses other than salary and related expenses and depreciation shown on the statement of functional expenses was made by assignment of costs based on the allocation of space or the number of full-time equivalent employees.

Method of Reporting

Golden Circle Behavioral Health, L.C. has elected to present its financial statements in a nonprofit format, which more accurately reflects the nature of its activities. Accordingly, it is also presenting a statement of functional expenses in the accompanying combined financial statements.

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Organization's Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2012, the Organization had no deposits in excess of federally insured limits.

Eyerly-Ball Community Mental Health Services and Golden Circle Behavioral Health, L.C., have receivables from governmental or other agencies and clients, which are subject to the possibility that a loss may occur from the failure of these parties to perform according to terms of the agreements from which the receivables arose. The amount of possible loss is equal to the balance of the receivable at the time of failure to perform. The Organizations do not require collateral or other security to support these financial instruments unless otherwise noted.

The HUD Projects' operations are concentrated in the real estate market and operate in a heavily regulated environment. The operations of the Projects are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Valuation of Investments

In determining fair value, the Organization uses various valuation approaches, which establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization only holds Level 2 securities.

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 286,345	\$ -	\$ -	\$ 286,345
Buildings and building improvements	2,695,920	113,916	-	2,809,836
Leasehold improvements	26,161	-	-	26,161
Vehicles	249,444	-	-	249,444
Furniture, fixtures and office equipment	<u>1,092,591</u>	<u>16,792</u>	<u>23,276</u>	<u>1,086,107</u>
	4,350,461	130,708	23,276	4,457,893
Less accumulated depreciation	<u>2,584,796</u>	<u>117,226</u>	<u>15,595</u>	<u>2,686,427</u>
	\$ <u>1,765,665</u>	\$ <u>13,482</u>	\$ <u>7,681</u>	\$ <u>1,771,466</u>

NOTE 3 – NOTES PAYABLE AND MORTGAGE LOANS

Eyerly-Ball Community Mental Health Services has a line of credit with an area bank in the amount \$300,000. Amounts borrowed on this line bear interest at the prime rate. The current interest rate is 3.25% and the line expires May 31, 2013. There was \$100,000 outstanding at June 30, 2012 on this line of credit. Eyerly-Ball Community Mental Health Services accounts receivable is pledged as collateral for the line of credit.

W.H. II, LTD. and W.H. III, Inc. have the following notes payable outstanding at June 30, 2012:

Mortgage note payable insured by HUD, remaining balance due \$410,480 at June 30, 2012, payable in monthly installments of \$4,113, including interest at 9.25%, through May 2028. The apartment complex is pledged as collateral for the note and has a book value of \$179,263 at June 30, 2012.

Mortgage note payable insured by HUD, remaining balance due \$357,918 at June 30, 2012, payable in monthly installments of \$3,785, including interest at 9.25%, through August 2026. The apartment complex is pledged as collateral for the note and has a book value of \$194,894 at June 30, 2012.

Eyerly-Ball Community Mental Health Services had the following mortgage loan outstanding at June 30, 2012:

Mortgage loan payable, remaining balance due \$686,369 at June 30, 2012, payable in monthly installments of \$5,946, including interest at 4.0%, through August 31, 2014. The interest rate will be adjusted on August 31, 2014 and 2019, determined at 125 basis points over the U.S. Treasury CMT Rate, but not less than 4.00% nor exceeding 6.75%. This note is secured by a mortgage on property at 945 19th Street with a carrying value of \$811,900 and a mortgage on property at 1301 Center Street with a carrying value of \$135,585.

This agreement also places on the Organization certain financial requirements related to operations of the business.

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 – NOTES PAYABLE AND MORTGAGE LOANS (Continued)

Future scheduled maturities of long-term debt are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2013	\$ 69,477
2014	73,649
2015	78,163
2016	82,977
2017	88,231
Thereafter	<u>1,062,270</u>
	\$ <u>1,454,767</u>

NOTE 4 – DEFERRED FINANCE COSTS

Costs directly related to Eyerly-Ball Community Mental Health Services' August 31, 2004 debt refinancing totaling \$39,633 have been deferred and are included net of accumulated amortization of \$15,038. During the year ended June 30, 2012, \$1,982 in deferred finance charges were amortized and included in current year depreciation expense under the straight-line method.

NOTE 5 – HUD RESTRICTED DEPOSITS

Use of the residual receipts account is contingent upon HUD's written approval.

NOTE 6 – RENT INCREASES

Under the regulatory agreement, the W.H. II, LTD. and W.H. III, Inc. projects may not increase rents charged to tenants without HUD approval.

NOTE 7 – DISTRIBUTIONS

The Projects' regulatory agreements with HUD stipulate among other things, that the Projects will not make distributions of assets or income to any of its officers or directors.

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 – MAJOR REVENUE SOURCES

Polk County Health Services, Inc. and Magellan Behavioral Health are major funding sources of the Organization. Revenues and accounts receivable from Polk County Health Services, Inc. and Magellan Behavioral Health for the year ended June 30, 2012 were as follows:

Revenue:	
Polk County Health Services, Inc.	\$ 4,001,453
Percentage of total revenue	41 %
Magellan Behavioral Health	\$ 1,639,947
Percentage of total revenue	17 %
Accounts receivable:	
Polk County Health Services, Inc.	\$ 148,573
Magellan Behavioral Health	\$ 81,569

NOTE 9 – GOVERNMENT FEES AND GRANTS

Eyerly-Ball Community Mental Health Services, and Golden Circle Behavioral Health, L.C. have entered into various agreements with Polk County Health Services, Inc. and various other governmental agencies to provide program services described in Note 1 to the combined financial statements.

All entities record revenue from government fees when the agencies are billed for services provided on a fee-for-service or per diem cost reimbursement basis.

NOTE 10 – REALTED PARTIES

Golden Circle Behavioral Health, L.C. conducts various transactions with Goodwill Industries of Central Iowa, a one-third equity member of Golden Circle Behavioral Health, L.C.

Some of the staff at Golden Circle Behavioral Health, L.C. are employees of Goodwill Industries of Central Iowa. Goodwill Industries of Central Iowa passes on expenses for payroll, employee benefits, management fees, and other miscellaneous expenses and Golden Circle Behavioral Health, L.C. reflects all expenses and accruals related to these transactions by natural classification in their financial statements.

Goodwill Industries of Central Iowa also provides subcontracted program services under contracts held by Golden Circle Behavioral Health, L.C. These amounts are shown as contract services in the statement of functional expenses.

A summary of these transactions for the year ended June 30, 2012 is as follows:

Payroll, related expenses and management fees	\$ 207,007
Subcontracted services	371,227
Payroll services for client wages	31,409
Accounts payable at June 30, 2012	80,419

NOTE 11 – RETIREMENT PLAN

Eyerly-Ball Community Mental Health Services maintains a retirement program qualified under Section 401(k) of the Internal Revenue Code covering all eligible employees. The program allows the Organization to make discretionary contributions to the program, subject to certain limitations. The contributions for the year ended June 30, 2012 totaled \$47,344.

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 – LEAD AGENCY RESERVE

This amount represents monies retained by Golden Circle Behavioral Health, L.C. relating to the Integrated Services Project (ISP) program's unexpended funds and unexpended ISP incentive payments in accordance with the Lead Agency Pilot Project Contract and Polk County Health Services, Inc.'s Operations Manual. These funds may be used by Golden Circle Behavioral Health, L.C. for the benefit of Lead Agency clients; however, upon termination of the contract, any unexpended balance must be returned to Polk County Health Services, Inc.

NOTE 13 – NET ASSETS

Net assets at June 30, 2012 include the following balances:

Temporarily restricted net assets:	
Specified consumer assistance	\$ <u>24,016</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows: -

Purpose restriction accomplished:	
Snyder loan fund	\$ <u>1,363</u>

NOTE 14 – FAIR VALUE MEASUREMENTS

<u>Fair Value Measurements Using</u>			
	<u>Cost</u>	<u>Fair Value</u>	Significant Other Observable Inputs (Level 2)
<u>June 30, 2012</u>			
Investment in Greater Des Moines Community Foundation	\$ <u>16,790</u>	\$ <u>16,790</u>	\$ <u>16,790</u>

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs because they generally provide the most reliable evidence of fair value.

Level 2 Fair Value Measurements

The fair value of foundation funds is based on quoted values of the shares held by the Organization at year-end.

NOTE 15 – OPEN TAX YEARS

The Organization's tax returns, for the years ending June 30, 2012, 2011 and 2010 are subject to examination by the IRS, generally for 3 years after they were filed.

NOTE 16 – RECLASSIFICATIONS

Certain amounts for June 30, 2011 have been reclassified to conform with the June 30, 2012 presentation.

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP,
AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 17 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2012, an error resulting in a \$30,495 overstatement in the previous year's accounts payable was discovered. As a result, unrestricted net assets for the year ended June 30, 2011 increased by \$30,495. This resulted in the following changes in net assets:

		<u>June 30, 2011</u>		
		<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total Net Assets</u>
As previously reported	\$	245,236	\$ 25,379	\$ 270,615
Adjustments		<u>30,495</u>	<u>-</u>	<u>30,495</u>
As restated	\$	<u>275,731</u>	<u>\$ 25,379</u>	<u>\$ 301,110</u>

NOTE 18 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 5, 2012, the date which the financial statements were available to be issued.

SCHEDULE 1

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS	Eyerly-Ball	Westminster Group	Golden Circle	Eliminations	Combined Totals
CURRENT ASSETS:					
Cash	\$ 83,582	\$ 5,202	\$ 453,325	\$ -	\$ 542,109
Accounts receivable:					
Government	754,221	116	207,657	-	961,994
Clients and third-party providers	352,851	-	91,497	-	444,348
Westminster House, Inc.	95,366	-	-	(95,366)	-
Eyerly-Ball Community Mental Health Services	-	-	343,177	(343,177)	-
Golden Circle	30,480	-	-	(30,480)	-
Other	118	6,155	19,825	-	26,098
Prepaid expenses	-	-	35,894	-	35,894
Total current assets	<u>1,316,618</u>	<u>11,473</u>	<u>1,151,375</u>	<u>(469,023)</u>	<u>2,010,443</u>
NON-CURRENT ASSETS:					
Funded reserves:					
Reserve for replacements	-	60,244	-	-	60,244
Residual receipts	-	17,908	-	-	17,908
Tenant security deposits held in trust	-	2,930	-	-	2,930
Investment in Golden Circle Behavioral Health, L.C.	316,635	-	-	(316,635)	-
Rent deposit	3,129	-	7,591	-	10,720
Property and equipment (net of accumulated depreciation)	1,313,195	376,211	82,060	-	1,771,466
Intangible asset (net of amortization)	24,595	-	-	-	24,595
Investment in Greater Des Moines Community Foundation	16,790	-	-	-	16,790
Total non-current assets	<u>1,674,344</u>	<u>457,293</u>	<u>89,651</u>	<u>(316,635)</u>	<u>1,904,653</u>
TOTAL ASSETS	\$ 2,990,962	\$ 468,766	\$ 1,241,026	\$ (785,658)	\$ 3,915,096
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable:					
Trade	\$ 259,799	\$ 7,618	\$ 312,686	\$ -	\$ 580,103
Goodwill Industries of Central Iowa	-	-	80,419	-	80,419
Golden Circle Behavioral Health, L.C.	343,177	-	-	(343,177)	-
Eyerly-Ball Community Mental Health Services	-	95,366	30,480	(125,846)	-
Cost settlement	78,997	-	-	-	78,997
Other	53,127	-	-	-	53,127
Deferred revenue	425,660	-	129,375	-	555,035
Accrued incentives	1,590	-	-	-	1,590
Accrued payroll	80,831	-	33,478	-	114,309
Accrued vacation	153,911	-	73,601	-	227,512
Accrued payroll taxes	5,918	-	3,169	-	9,087
Accrued interest	45	5,923	-	-	5,968
Lead Agency Reserve Account	-	-	102,865	-	102,865
Current portion of loans and mortgages payable	144,749	24,728	-	-	169,477
Total current liabilities	<u>1,547,804</u>	<u>133,635</u>	<u>766,073</u>	<u>(469,023)</u>	<u>1,978,489</u>
Tenant security deposits held in trust	6,758	2,930	-	-	9,688
LONG-TERM LIABILITIES:					
Loans and mortgages payable - Less current portion	641,620	743,670	-	-	1,385,290
Minority interest in subsidiary's equity	-	-	-	158,318	158,318
Total long-term liabilities	<u>641,620</u>	<u>743,670</u>	<u>-</u>	<u>158,318</u>	<u>1,543,608</u>
TOTAL LIABILITIES	2,196,182	880,235	766,073	(310,705)	3,531,785
NET ASSETS:					
Unrestricted	770,764	(411,469)	474,953	(474,953)	359,295
Temporarily restricted	24,016	-	-	-	24,016
TOTAL NET ASSETS	794,780	(411,469)	474,953	(474,953)	383,311
TOTAL LIABILITIES AND NET ASSETS	\$ 2,990,962	\$ 468,766	\$ 1,241,026	\$ (785,658)	\$ 3,915,096

See Accompanying Independent Auditor's Report

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted			
	<u>Eyerly-Ball</u>	<u>Westminster Group</u>	<u>Golden Circle</u>	<u>Total Unrestricted</u>
<u>PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT:</u>				
Public support:				
Received directly:				
Contributions	\$ 31,905	\$ -	\$ -	\$ 31,905
Fees and grants from governmental agencies	5,161,158	-	2,504,346	7,665,504
Revenue:				
Private patient and client participation	657,326	-	1,016,301	1,673,627
Rental income	122,225	73,452	-	195,677
Support service fees	-	154,364	-	154,364
Management fees	11,391	-	-	11,391
Investment income	649	45	738	1,432
Equity in net income of limited liability company	31,435	-	-	31,435
Miscellaneous	1,780	8,184	19,223	29,187
Net assets released from restrictions	1,363	-	-	1,363
	<u>826,169</u>	<u>236,045</u>	<u>1,036,262</u>	<u>2,098,476</u>
TOTAL PUBLIC SUPPORT, REVENUE AND OTHER SUPPORT	<u>6,019,232</u>	<u>236,045</u>	<u>3,540,608</u>	<u>9,795,885</u>
<u>EXPENSES AND OTHER REDUCTIONS:</u>				
Program services	5,186,633	208,770	3,029,855	8,425,258
Supporting services	758,616	17,694	455,920	1,232,230
Total expenses	5,945,249	226,464	3,485,775	9,657,488
Minority interest in subsidiary's earnings	-	-	-	-
Loss on disposal of equipment	-	-	7,681	7,681
TOTAL EXPENSES AND OTHER REDUCTIONS	<u>5,945,249</u>	<u>226,464</u>	<u>3,493,456</u>	<u>9,665,169</u>
CHANGE IN NET ASSETS	73,983	9,581	47,152	130,716
NET ASSETS - Beginning of year, as restated	<u>696,781</u>	<u>(421,050)</u>	<u>427,801</u>	<u>703,532</u>
NET ASSETS - End of year	<u>\$ 770,764</u>	<u>\$ (411,469)</u>	<u>\$ 474,953</u>	<u>\$ 834,248</u>

SCHEDULE 2

Temporarily Restricted			
<u>Eyerly-Ball</u>	<u>Total Temporarily Restricted</u>	<u>Eliminations</u>	<u>Combined Totals</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>31,905</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,665,504</u>
-	-	-	1,673,627
-	-	-	195,677
-	-	-	154,364
-	-	-	11,391
-	-	-	1,432
-	-	(31,435)	-
-	-	-	29,187
<u>(1,363)</u>	<u>(1,363)</u>	<u>-</u>	<u>-</u>
<u>(1,363)</u>	<u>(1,363)</u>	<u>(31,435)</u>	<u>2,065,678</u>
<u>(1,363)</u>	<u>(1,363)</u>	<u>(31,435)</u>	<u>9,763,087</u>
-	-	-	8,425,258
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,232,230</u>
-	-	-	9,657,488
-	-	15,717	15,717
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,681</u>
-	-	15,717	9,680,886
<u>(1,363)</u>	<u>(1,363)</u>	<u>(47,152)</u>	<u>82,201</u>
<u>25,379</u>	<u>25,379</u>	<u>(427,801)</u>	<u>301,110</u>
\$ <u>24,016</u>	\$ <u>24,016</u>	\$ <u>(474,953)</u>	\$ <u>383,311</u>

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Community Support Eyerly-Ball	Elderly Outreach Eyerly-Ball	Clin & Psych Eyerly-Ball
Salaries	\$ 644,153	\$ 168,660	\$ 1,304,449
Employee benefits	60,170	14,681	86,534
Payroll taxes	52,735	13,396	107,254
Total salaries and related expenses	757,058	196,737	1,498,237
Contract services	192	332	4,783
Utilities	2,192	11	44,659
Rent	12,497	7,284	10,814
Occupancy	-	-	-
Professional fees	1,275	1,885	195,101
Food	-	-	-
Office supplies	6,725	716	6,337
Equipment repairs and maintenance	17,452	1,416	75,193
Recreation and crafts	-	-	-
Household supplies	-	-	-
Telephone	11,822	3,208	8,532
Postage	-	-	119
Insurance - General	2,584	315	7,193
Transportation	42,694	9,484	15,334
Conferences and training	2,975	120	746
Advertising	681	39	7,395
Printing	1,160	437	1,740
Licenses	-	-	15,495
Miscellaneous	10,390	3,195	-
Subscription and dues	110	-	66
Payroll service	-	-	-
Medical supplies	62	-	13,656
Computer support	9,111	90	25,373
Assistance to individuals	16,430	17	2,704
Bad debts expense	23,949	-	209,309
Total expenses before depreciation, amortization and interest	919,359	225,286	2,142,786
Depreciation and amortization	-	703	47,439
Interest expense	-	-	28,455
TOTAL FUNCTIONAL EXPENSES	\$ 919,359	\$ 225,989	\$ 2,218,680

SCHEDULE 3

Program Services

<u>Residential Care Facilities Eyerly-Ball, WH II & WH III</u>	<u>Case Management Golden Circle, L.C.</u>	<u>Integrated Service Project Golden Circle, L.C.</u>	<u>ACT Golden Circle, L.C.</u>	<u>Mobile Crisis Response Eyerly-Ball</u>	<u>Program Total</u>
\$ 828,610	\$ 636,776	\$ 422,670	\$ 532,739	\$ 443,455	\$ 4,981,512
72,076	59,224	62,369	45,066	32,447	432,567
86,749	51,928	34,005	44,510	35,517	426,094
987,435	747,928	519,044	622,315	511,419	5,840,173
20,616	365,796	38,162	61,851	-	491,732
34,867	-	-	-	-	81,729
17,389	-	-	-	-	47,984
-	-	1,002	-	-	1,002
31,012	-	10,066	7,511	6,600	253,450
46,849	-	-	-	-	46,849
10,055	1,139	15,082	7,853	1,790	49,697
31,890	1,031	2,205	8,947	-	138,134
16,986	-	-	-	-	16,986
18,647	-	-	-	-	18,647
19,898	3,157	10,874	16,532	4,161	78,184
1,401	3,003	1,864	2,169	-	8,556
26,435	93	11,655	777	2,287	51,339
14,753	26,677	37,403	57,278	16,000	219,623
7,948	2,211	4,182	1,812	-	19,994
10,632	-	175	-	-	18,922
4,675	207	298	397	128	9,042
901	-	-	-	-	16,396
433	577	1,190	809	5,821	22,415
3,275	-	-	-	-	3,451
1,684	-	-	-	-	1,684
1,145	-	29,314	1,201	13	45,391
23,642	-	-	-	19	58,235
4,236	29,490	309,441	40,302	66	402,686
19,792	2,980	-	7,070	5,504	268,604
1,356,596	1,184,289	991,957	836,824	553,808	8,210,905
47,816	56	10,648	6,081	1,106	113,849
72,049	-	-	-	-	100,504
\$ 1,476,461	\$ 1,184,345	\$ 1,002,605	\$ 842,905	\$ 554,914	\$ 8,425,258

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Supporting Services</u> <u>Management and General</u>		
	<u>Westminster</u> <u>House</u> <u>Group</u>	<u>Eyerly-Ball</u>	<u>Golden</u> <u>Circle, L.C.</u>
Salaries	\$ -	\$ 417,136	\$ 258,265
Employee benefits	-	40,787	23,681
Payroll taxes	-	46,314	22,649
Total salaries and related expenses	-	504,237	304,595
Contract services	-	20,306	-
Utilities	-	-	-
Rent	-	2,418	-
Occupancy	11,392	-	238
Professional fees	5,000	28,124	20,458
Food	-	-	-
Office supplies	-	14,425	15,365
Equipment repairs and maintenance	-	2,614	9,230
Recreation and crafts	-	-	-
Household supplies	-	-	-
Telephone	-	42,942	10,934
Postage	-	6,500	-
Insurance - General	-	35,291	45,882
Transportation	-	3,757	1,924
Conferences and training	-	3,062	3,395
Advertising	-	18,891	7,687
Printing	-	7,988	3,076
Licenses	-	-	-
Miscellaneous	1,302	5,088	1,988
Subscription and dues	-	2,713	-
Payroll service	-	3,444	-
Medical supplies	-	-	669
Computer support	-	53,283	27,667
Assistance to individuals	-	-	-
Bad debts expense	-	-	-
Total expenses before depreciation, amortization and interest	17,694	755,083	453,108
Depreciation and amortization	-	2,547	2,812
Interest expense	-	986	-
TOTAL FUNCTIONAL EXPENSES	\$ 17,694	\$ 758,616	\$ 455,920

SCHEDULE 3 (Continued)

<u>Total</u>	<u>Combined Totals</u>
\$ 675,401	\$ 5,656,913
64,468	497,035
<u>68,963</u>	<u>495,057</u>
808,832	6,649,005
20,306	512,038
-	81,729
2,418	50,402
11,630	12,632
53,582	307,032
-	46,849
29,790	79,487
11,844	149,978
-	16,986
-	18,647
53,876	132,060
6,500	15,056
81,173	132,512
5,681	225,304
6,457	26,451
26,578	45,500
11,064	20,106
-	16,396
8,378	30,793
2,713	6,164
3,444	5,128
669	46,060
80,950	139,185
-	402,686
<u>-</u>	<u>268,604</u>
1,225,885	9,436,790
5,359	119,208
<u>986</u>	<u>101,490</u>
\$ <u>1,232,230</u>	\$ <u>9,657,488</u>

EYERLY-BALL COMMUNITY MENTAL
HEALTH SERVICES, THE WESTMINSTER GROUP, AND GOLDEN CIRCLE BEHAVIORAL HEALTH, L.C.

COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Eyerly-Ball</u>	<u>Westminster Group</u>	<u>Golden Circle</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Change in net assets	\$ 72,620	\$ 9,581	\$ 47,152
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Depreciation and amortization	52,479	45,150	19,597
Loss on disposal of equipment	-	-	7,681
Deferred bond financing charges amortization	1,982	-	-
Bad debts expense	258,554	-	10,050
Equity in net income of limited liability company	(32,390)	-	-
Minority interest in subsidiary's earnings	-	-	-
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(469,541)	721	12,038
Increase in prepaid expenses	-	-	(14,195)
Increase in deposits	(700)	-	-
Increase in accounts payable	24,658	9,904	69,516
Decrease in accrued interest	(413)	(174)	-
Increase in deferred revenue	30,837	-	3,525
Increase in deposits and cash advances	757	-	-
Decrease in accrued incentives	(18,185)	-	-
Decrease in accrued payroll	(66,050)	-	(62,111)
Increase (decrease) in accrued vacation	19,216	-	(2,196)
Decrease in accrued payroll taxes	(4,725)	-	(7,174)
Decrease in Lead Agency Reserve	-	-	(5,473)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(130,901)</u>	<u>65,182</u>	<u>78,410</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Deposit to funded reserves and interest retained in account	-	(19,981)	-
Withdrawals from funded reserves	-	30,138	-
Purchase of property and equipment	(35,247)	(55,740)	(39,721)
Investment in Greater Des Moines Community Foundation	(708)	-	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(35,955)</u>	<u>(45,583)</u>	<u>(39,721)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
Proceeds from line of credit	595,000	-	-
Payments on line of credit	(495,000)	-	-
Payments on mortgage	(42,896)	(22,553)	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>57,104</u>	<u>(22,553)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(109,752)	(2,954)	38,689
<u>CASH AND CASH EQUIVALENTS - Beginning of year</u>	<u>193,334</u>	<u>8,156</u>	<u>414,636</u>
<u>CASH AND CASH EQUIVALENTS - End of year</u>	<u>\$ 83,582</u>	<u>\$ 5,202</u>	<u>\$ 453,325</u>
<u>SUPPLEMENTAL INFORMATION:</u>			
Cash payment for interest	\$ 29,854	\$ 72,223	\$ -

<u>Eliminations</u>	<u>Combined Totals</u>
\$ (47,152)	\$ 82,201
-	117,226
-	7,681
-	1,982
-	268,604
32,390	-
14,762	14,762
-	(456,782)
-	(14,195)
-	(700)
-	104,078
-	(587)
-	34,362
-	757
-	(18,185)
-	(128,161)
-	17,020
-	(11,899)
-	(5,473)
-	<u>12,691</u>
-	(19,981)
-	30,138
-	(130,708)
-	(708)
-	<u>(121,259)</u>
-	595,000
-	(495,000)
-	(65,449)
-	<u>34,551</u>
-	(74,017)
-	<u>616,126</u>
\$ -	\$ <u>542,109</u>
\$ -	\$ 102,077

